

Washington State Energy Strategy Update/ 2003 Biennial Energy Report

Proposed Revised Guiding Principles (8/27/02)

I. New Resources In meeting future energy needs, Washington should:

1. Pursue ~~cost-effective~~ energy policies that *are cost-effective and* minimize environmental damage including the reduction of greenhouse gas emissions. This means that load serving *utilities and other power producers entities* should:

- ~~• first~~ acquire all cost-effective *conservation and other energy-use-efficiencies conservation*,
- ~~• second~~, acquire resources that diversify ~~that our~~ energy supply including both new technologies for the more efficient use of conventional fuels (e.g. microturbines, fuel cells, etc.) and renewable resources (e.g., wind, geothermal, hydro, biomass, and solar technologies) where a modest initial investment can help develop cost-effective resources.
- ~~• third~~, acquire conventional resources such as high efficiency natural gas combustion turbines and combined heat and power systems.

2. Encourage the development of new resources by moderating market and capital risk through *efficient application of* clear, up front regulations and standards.

3. Encourage comprehensive resource planning by all load-serving entities.

(Note: in the first paragraph, while it is important to recognize that given current economic challenges faced by independent power producers (IPP) conventional utilities will likely step up energy development activities, it is worth noting that IPPs will also be involved in energy development. In item "a" changes are intended to broaden conservation to allow for other energy-use efficiency actions (e.g., time of use, automated thermostats, etc.; changes in item 2 are attempting to inject the notion of timeliness in the regulatory process.) Lastly, Comprehensive resource planning should establish the priorities; they should not be pre-established.

II Markets and Economy: Washington can enhance its cost-based electricity system by:

1. Creating opportunities for market forces to produce competition and lower prices through policies that provide clear, *predictable and* enforceable rules for all market participants.
2. *Recognizing Keeping* the "obligation to serve" for utilities as *an important element of the foundation for* a well functioning ~~retail wholesale~~ electricity markets
3. Promoting and encouraging industries that will make Washington State a leader in ~~clean~~-energy-*use-efficiency* technologies.

(Note: changes in item 1, are clarifying only; changes in item 2, "obligation to serve" is more properly tied to the retail market, moreover, while there seemed to be agreement that this factor was very important there didn't seem to be a clear consensus that this was "the foundation;" changes in item 3, are intended to clarify.)

III. Methods: In developing energy policy, Washington policy makers should:

1. Use data and analysis based on sound scientific and economic principles *as the foundation for an informed to inform energy policyy-*
2. Respond creatively and prospectively to technological, political, social, *economic*, and environmental changes affecting the use and supply of energy.
3. Evaluate all electricity policies by how well they *address improve supply sufficiency, the* safety, security and reliability *needs* of the system.

(Note: changes in first item are structural only; adding “economic” in item 2, seems logical and consistent with similar usage elsewhere; in item 3, adding “supply sufficiency” seemed fundamendtal.)

IV. ~~Political and moral~~ *V*values underlying ~~electricity~~ *energy* policy: ~~Washington should~~

1. *Engage with* ~~Foster mutually beneficial relationships with~~ nearby states and provinces to help accomplish common *regional* energy goals.
2. Maintain programs that ensure that all citizens, including those on limited incomes, have access to affordable electricity and natural gas.
3. Lead by example with energy-*use*-efficiency in state and local government operations.
4. Provide opportunity for participation by the state’s citizens in the Strategy and provide information and education ~~-to~~ enhance understanding.

(Note: changes in title are primarily for brevity, but clearly, use of “electricity” is inconsistent with the broader “energy” focus of the committee. Other changes are intended to clarify.)